



Appendix H - IT Procurement Strategies



IT Procurement Strategies

Table of Contents

Executive Overview 4

Bureau of Strategic Policy Office of Contracts 5

 Mission 5

 Introduction..... 5

Contract Vehicle Portfolio 6

ITAM (Information Technology Asset Management) 7

Horizon Program 7

 Why the Horizon Program? 7

 Horizon Program Overview 8

 Horizon Program Process 8

 Horizon Program Benefits 9

Spotlight Program..... 9



Executive Overview

Businesses use strategic planning to remain competitive and improve the bottom line. The Michigan Department of Information Technology (MDIT) has seized one of consolidation's bottom-line improving opportunities by strategically redesigning the state's IT procurement processes. The new procurement model was developed to guide MDIT, client agencies and vendors in providing cost-effective, efficient and secure technology solutions needed for Michigan and its citizens. A two-pronged, strategic approach – consolidation of all IT purchasing and the redesign of procurement processes – are at the center of the model. The MDIT procurement model's mission is:

"To procure IT commodities and services through a fair, open and competitive process while delivering technology solutions to meet the business requirements of the state, its agencies and its citizens."

In order to live the mission, MDIT redesigned the procurement process to meet the following goals:

1. Alignment with the governor's goals and mandates
2. Competitively bid - open to more vendors
3. Bundle for total cost of ownership (TCO)
4. Multi-year bids for contracts as appropriate
5. Fixed price rather than time and materials
6. Bundle solicitations
7. Leverage contract management expertise core competencies

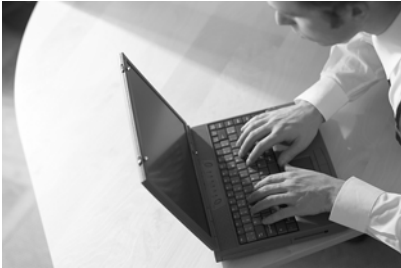
The first strategy to meet our goals was to centralize all state IT procurement into the Office of Contracts within MDIT's Bureau of Strategic Policy. This enables MDIT to strategically leverage the state's purchasing power to meet the needs of our agencies and citizenry. It has also allowed the adoption of methods of developing and managing IT standards so that MDIT is able to better manage technology resources and human capital to provide better service levels that are efficient and cost effective.

MDIT's second strategy was to collaborate with the Department of Management and Budget (DMB) to develop the processes needed to meet the procurement goals. Within the processes a set of procurement tools were developed to streamline IT purchasing. The procurement toolbox includes: Contract vehicle portfolio, asset management, and the Horizon Program and its offshoot the Spotlight Program.



Bureau of Strategic Policy Office of Contracts

Mission



To procure IT commodities and services through a fair, open and competitive process while delivering technology solutions to meet the business requirements of the state and its agencies.

Introduction



This contracting portfolio allows both the Department of Management and Budget (DMB) and the Department of Information Technology (MDIT) to meet our requirements of delivering quality contracts and products in a manner that includes:

- ✓ Quicker turn-around
- ✓ Less labor intensive
- ✓ Better use of staff time
- ✓ Increased service levels
- ✓ Cost savings



Contract Vehicle Portfolio





ITAM (Information Technology Asset Management)

Through use of MDIT's new IT Asset Management tool (ITAM), MDIT and its client agencies will be able to purchase hardware and software commodities and maintenance services utilizing specific catalogs. It also provides MDIT the ability to track and manage all IT assets throughout their lifecycle (acquisition to installation/implementation to maintenance to salvage). ITAM consists of several key components:

- Procurement improvements in purchasing commodities and services throughout the product's lifecycle
- Software license management
- Asset tracking, monitoring, configuration management and control
- Financial reporting
- Process integration with service delivery (helpdesk and field services)
- Perpetually maintain accurate asset records (discovery tools, physical inventories)
- Automated approval processes

Horizon Program

The Horizon Program was developed to bring technology suppliers and MDIT decision-makers together to evaluate products and their potential uses in the State of Michigan. This forum gives suppliers an opportunity to demonstrate the value of their products as they relate to particular state areas of interest. MDIT decision-makers use the knowledge gained and possibilities explored in developing their plans for the future of information technology in the State of Michigan.

Program details are available at <http://www.michigan.gov/dit/0,1607,7-139--107283--00.html>. A detailed description of the Horizon Program follows in this appendix.

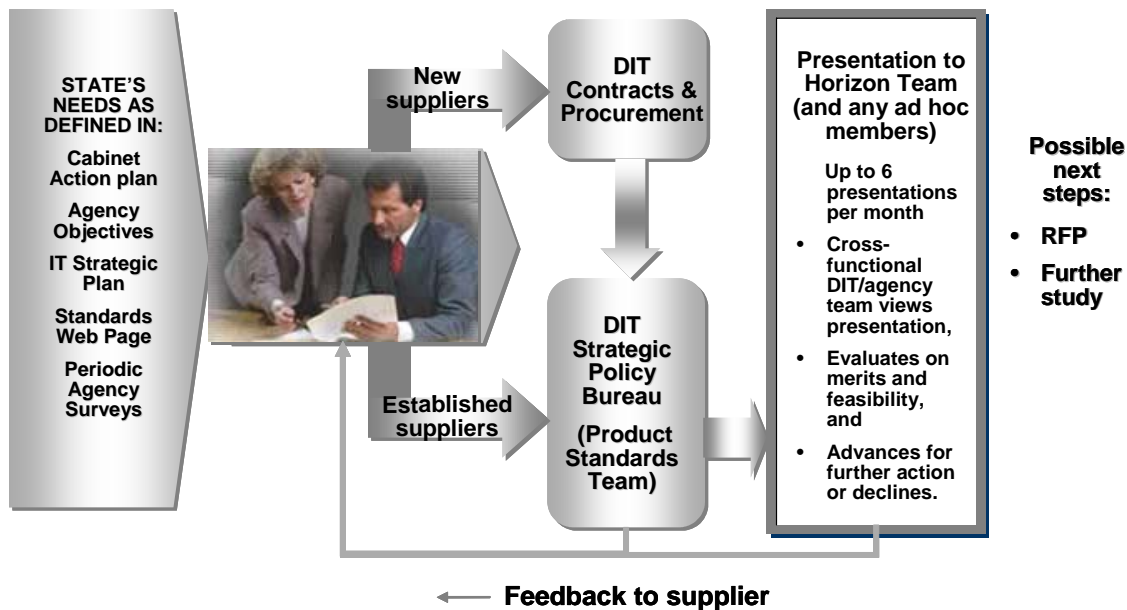
Why the Horizon Program?

Traditional methods of marketing to the state left room for improvement. The following points were noted and addressed in developing the Horizon Program:

- Few managed points of contact
- Suppliers marketed separately to state agencies and various MDIT decision-makers
- Individual meetings are an inefficient use of time
- No established means to share information among key decision-makers across agencies
- No means to provide suppliers with state's areas of interest for future technologies
- Missed opportunities to learn new technologies



Horizon Program Overview



The above figure depicts the operation of the Horizon Program. Of particular interest to Michigan's IT strategic planning efforts is the fact that the Horizon Program begins with the state's needs as defined by the Cabinet Action Plan, IT Strategic Plan, client agency surveys, and leadership input. This information is available to Michigan's suppliers, who become Michigan's partners in helping set the course for achieving what is needed in the best possible way with information technology.

Supplier requests to present to MDIT leadership are reviewed for their relevance to current and planned needs. All requestors receive a response, either positive or negative. Requestors who are selected to present work with MDIT staff are asked to tailor their presentations to provide the most value to the decision-makers that attend each supplier presentation session. All potential suppliers retain the ability to pursue State of Michigan business by other established processes.

Horizon Program Process

- Supplier completes the request form and submits it to MDIT
- Supplier request is researched by facilitator
- Review team determines if request meets state's needs and requirements
- Facilitator processes request based on the review team results
 - Notify supplier not of interest at this time
 - Notify supplier that a presentation will be scheduled
 - Notify supplier that the request has been referred to a functional area
 - Notify supplier that staff augmentation is not being considered at this time
- Facilitator will schedule each presentation with supplier
- Facilitator will notify the executive and leadership team and provide an agenda from each supplier



- Facilitator will accept requests from MDIT attendees for follow-up with the supplier
- All correspondence with each supplier will be archived

Horizon Program Benefits

The Horizon Program benefits both the state and potential vendors. The table below includes a list of benefits for all involved.

Table 1 - Horizon Program Benefits

Suppliers	State
<ul style="list-style-type: none"> • Know state's topics of interest in advance • Know the right people will be at the table • Improve access to a larger audience • Will receive a reasoned result from each request • Partner with state for new technology solution • Reduce risk • More efficient use of time 	<ul style="list-style-type: none"> • Solutions directed to topics of interest and need • Solution verified against standards and strategic direction • Opportunity to leverage solutions • Partner with suppliers for new technology updates and solutions • More efficient use of time

Spotlight Program

MDIT has launched Spotlight, an offshoot of the Horizon Program. Horizon's purpose is educating MDIT executive and leadership staff on new technologies and products. The Spotlight Program gives suppliers and manufacturers a chance to show a targeted audience what is "under the hood" of their product. Meetings may include demonstrations, scrutiny and analysis by an audience with specific interest in the subject matter. This is for state of Michigan employees who do not want to review glossy handouts, executive overviews and press releases. MDIT is pleased with the program because it brings the suppliers together with the subject matter experts. The suppliers are pleased because they have an educated audience.